

## **MINUTES**

### **MONTANA SENATE 57th LEGISLATURE - SPECIAL SESSION COMMITTEE ON FINANCE**

**Call to Order:** By **CHAIR BOB KEENAN**, on August 9, 2002 at 10:40 A.M., in Room 172 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Bob Keenan, Chair (R)  
Sen. Tom A. Beck (R)  
Sen. Chris Christiaens (D)  
Sen. John Cobb (R)  
Sen. William Crismore (R)  
Sen. Greg Jergeson (D)  
Sen. Royal Johnson (R)  
Sen. Bea McCarthy (D)  
Sen. Arnie Mohl (R)  
Sen. Linda Nelson (D)  
Sen. Debbie Shea (D)  
Sen. Corey Stapleton (R)  
Sen. Bill Tash (R)  
Sen. Jon Tester (D)  
Sen. Mignon Waterman (D)  
Sen. Jack Wells, Vice Chair (R)  
Sen. Tom Zook (R)

**Members Excused:** None.

**Members Absent:** Sen. Ken Miller (R)

**Staff Present:** Prudence Gildroy, Committee Secretary  
Jon Moe, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: HB 11, 8/7/2002; HB 13,  
8/7/2002; HB 14, 8/7/2002  
Executive Action: HB 13; HB 14; HB 10; HB 5; SB  
15; HB 11

{Tape : 1; Side : A}

HEARING ON HB 11

Sponsor: REP. DICK HAINES, HD 63, Missoula

Proponents: Chuck Swysgood, Office of Budget and Program  
Planning  
REP. KEITH BALES, HD 1, Otter  
REP. RON DEVLIN, HD 3, Terry

Opponents: None

Opening Statement by Sponsor:

REP. DICK HAINES, HD 63, Missoula, said he was carrying HB 11 for the administration. HB 11 was an act reducing the general fund shortfall by reversing the amount of federal mineral leasing funds available for distribution to counties in FY 2003. The distribution, in his opinion, helped mitigate impacts on counties. The bill would restrict those funds for a short period of time. He noted that House Taxation changed and then killed the bill and then the bill was brought back to life. He said the key to the bill was in the compromises.

Proponents' Testimony:

Chuck Swysgood, Office of Budget and Program Planning, testified the original bill was part of the Governor's plan. It was amended to better address some of the concerns of the counties that were involved. He said the way the bill stood at present was agreeable to the administration.

REP. KEITH BALES, HD 1, OTTER, advised he carried the bill in the last session to give some of the federal mineral royalties back to the counties. He said it passed overwhelmingly in both houses. Counties had not yet received or budgetd any of the money. The estimate of additional money coming in would primarily come from coal mining. The coal board money would be put back in because the dollars coming in from coal would partially offset the loss from the bill. He said they definitely wanted to keep the percentages of 12.5% and 25% in 2004 and 2005.

REP. RON DEVLIN, HD 3, Terry, advised his county was one of the oil and gas counties affected by the bill. He said he supported the bill because as amended, it would change the cap from \$20 million to \$21 million. He reiterated that it could not affect county budgets this year and he felt comfortable with the bill as amended.

**Opponents' Testimony:**

None.

**Questions from Committee Members and Responses:**

**SEN. CHRIS CHRISTIAENS** asked about the correlation between the coal board money and oil and gas counties. Only counties in which there was coal production would benefit, he stated.

**REP. BALES** agreed that not all of the counties that had oil and gas were adjacent counties. There were other counties receiving monies from the coal board because they were adjacent counties. There were a few counties that had oil and gas production that would not be on the front burner for the coal board. Part of the logic was if the revenue estimate was right and additional money comes in, it would not be from oil and gas, it would be from coal. The agreement that was reached was that it would go into the coal board.

**SEN. CHRISTIAENS** asked if the difference between the original figure of \$2.474 million and the \$21.671 had any correlation to what was given back to the coal board.

**REP. BALES** advised that difference was about \$1.2 million and the amount going back into HB 10 was \$250,000. The counties would give up possible incoming revenue.

**Closing by Sponsor:**

**REP. HAINES** closed on the bill. He asked that the committee recognize the effort that had gone into the compromise to get the bill where it was and to please resist their senatorial prerogatives to tinker with it.

**EXECUTIVE ACTION ON HB 11**

**Motion/Vote:** **SEN. ZOOK** moved that HB 11 BE CONCURRED IN. Motion carried 16-2 with Jergeson and Nelson voting no.

**HEARING ON HB 13**

**Sponsor:** **REP. DAVE LEWIS, HD 55, Helena**

**Proponents:** **None**

**Opponents:** **None**

**Opening Statement by Sponsor:**

**REP. DAVE LEWIS, HD 55, Helena,** advised one of the first budget reductions made by the Governor was to take \$400,000 that was stuck in a proprietary account in the Department of Revenue and put it into the general fund. The money had been appropriated to the Department of Revenue as part of a \$1.1 million appropriation to start up an internal service fund to handle debt collections. The \$400,000 was excess. It was decided a bill was needed to authorize the transfer. The amount was already in the projected fund balance.

**Proponents' Testimony:** None.

**Opponents' Testimony:** None.

**Questions from Committee Members and Responses:**

**SEN. COREY STAPLETON** asked if the fund had been pretty static.

**REP. LEWIS** replied the \$1.1 million was start-up money for the debt collection function and after the first couple of years they became self supporting. The department had agreed the amount could be transferred without hurting that division.

**SEN. COREY STAPLETON** asked if it was something needed or if it had been replaced by centralized services.

**REP. LEWIS** replied that the Office of Budget and Program Planning and the department had looked at what was needed for operating capital and felt it could be reduced by \$400,000. They had looked at their needs for the future as well. The number was a negotiated number.

**SEN. ROYAL JOHNSON** wondered, with the announced shortfall in the Points System, if they could really afford to drop the \$400,000.

**REP. LEWIS** said he wanted it out of there because he was afraid they'd spend it on Points and he had just as soon have it in the general fund. He said the \$400,000 would not make it or break it as far as Points was concerned. Points would be dealt with in the future.

**SEN. BEA MCCARTHY** asked if there were any FTEs involved.

**REP. LEWIS** advised the staffing or operating costs would not be affected. It was a negotiated amount that they considered to be excess for their needs for operating capital.

**SEN. MIGNON WATERMAN** advised that in the future when money was allocated to a state special fund for a specific purpose there should always be reversion language so a bill would not be needed. She didn't think the money could be used for Points if they wanted to as it was line-itemed.

**SEN. STAPLETON** asked if **REP. LEWIS** would be opposed to reverting the money by December 31.

**REP. LEWIS** advised the bill was effective on passage and approval.

**SEN. STAPLETON** said they had until next summer to do it. He wanted the date in the bill.

**REP. LEWIS** said they would not object to an amendment, but thought it would effectively happen anyway.

**SEN. TOM BECK** noted that the \$400,000 would help this year or next. He thought passage and approval was the way to go.

**Closing by Sponsor:**

**REP. LEWIS** advised the bill was originally a Legislative Audit recommendation.

**EXECUTIVE ACTION ON HB 13**

**Motion:** **SEN. JOHNSON** moved that **HB 13 BE CONCURRED IN**.

**Motion:** **SEN. STAPLETON** moved **TO AMEND LINE 23 TO DECEMBER 31, 2002**.

**SEN. WATERMAN** said she saw no need to amend the bill and send it back to the House. She said that the House gets cantankerous in the closing days of session and she didn't want to lose the money. She advised the money could be taken before June 30th and declared the ink would not be dry on the bill before the money was back in the general fund. She urged resisting the amendment, although she understood what **SEN. STAPLETON** was doing. She did not want the bill to go back to the House.

**Vote:** Motion **AMENDMENT TO HB 13 failed on a voice vote**.

**Vote:** Motion that **HB 13 BE CONCURRED IN** carried unanimously.

HEARING ON HB 14

Sponsor: REP. SYLVIA BOOKOUT-REINECKE, HD 71, Alberton

Proponents: None

Opponents: None

Opening Statement by Sponsor:

REP. SYLVIA BOOKOUT-REINECKE, HD 71, Alberton, said there would be no fiscal impact on anyone except legislators. The bill would limit salaries of legislators to 90% of the daily rate of an entry grade 10 classified state employee. It was a morality issue, in her opinion. The bill would take effect in the next session.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions from Committee Members and Responses:

SEN. WATERMAN asked if the bill just affected legislators.

REP. REINECKE answered yes.

*{Tape : 1; Side : B}*

SEN. TOM ZOOK asked REP. REINECKE if she knew what she would be paid when she ran for office.

REP. REINECKE answered no. She said some of the arguments against it were that there would be trouble recruiting people. One legislator had no idea what the salary was and didn't even bother to ask. Another argument against it was there would be trouble recruiting young people and a legislature of the just the old and rich. She thought that was a frivolous excuse.

SEN. NELSON asked if a person was allowed by law to return their salary if they choose, or a portion of their salary, if they thought it was the right thing to do.

REP. REINECKE answered yes.

**SEN. DEBBIE SHEA** commented that she took a \$7 an hour cut every time she came up here and had for years. She did it because she thought she was contributing something. She thought it would be more difficult for some than others and would not support the bill. She also worried about the young ones but about everybody else as well. She stated there was some value to what the legislature does.

**SEN. STAPLETON** asked what was immoral about opposing the bill.

**REP. REINECKE** replied that nothing was immoral about opposing it per se. She said it was hard to vote for the cuts and it would be the ethical thing to do.

**SEN. MCCARTHY** advised that the *Great Falls Tribune* published a little box whenever anybody files for office that states what the per hour pay is and what the daily and monthly pay and any benefits.

**SEN. KEENAN** commented that if they could amend the bill to eliminate health insurance for legislators under the state plan there would probably be a solution to access to health care for everybody within 90 days.

**SEN. BECK** commented that two sessions ago, he put an amendment into the pay plan to raise legislators salaries. They were at a grade 8 at that time and prison guards were grade 11. He said prison guards were a great bunch of guys but felt legislators were pretty good people too. Nobody runs for the job for the salary, he felt. He understood **REP. REINECKE** was trying to bring up the morale of state employees but he pointed out they had not taken a 10% cut from state employees. The 2% cut was to be absorbed in the departments. Nobody had gotten a cut in their actual salaries. He said they were not getting paid all that much and \$139,944 was pretty minuscule in a \$7 million feed bill.

**SEN. ZOOK** said he truly did not know what the salary was and soon learned that it cost him money. He remembered his good friend **REP. MENAHAN** telling him that one of the times he served he got \$20 a day. It must have been a special session because he had set up over in a park somewhere. The YMCA was across the street so he could go over there for showers. About the third night he was there, and this was at the time of the hippie generation, there was a raid in the park and **REP. MENAHAN** got hauled in too. We don't have it so bad, he thought.

**Closing by Sponsor:**

**REP. REINECKE** closed and said everything that everyone said was viable. She hoped for due consideration for the bill. She thought it was the responsible thing to do.

**Discussion:**

**REP. JOHNSON** said he would oppose the bill for another reason. He felt the time spent on things like this was more of a waste than the \$2.50. He hoped they would not get it to the floor of the House.

**SEN. WATERMAN** said they could do what they did to state employees and simply lower the budget amount for legislators and then the reapportionment committee which has the authority to reduce the number of legislators would simply have to reduce the number and she thought Montanans would like that idea.

**SEN. BECK** advised taking more time--there might be some other thoughts on the bill.

**SEN. JOHNSON** asked what he meant.

**SEN. BECK** said he was not trying to drag it on but trying to extend a courtesy to a House member.

**SEN. REINECKE** commented he didn't want to table it in front of her.

**Motion/Vote:** **SEN. JOHNSON** moved that **HB 14 BE TABLED**. Motion passed 10-8 with Beck, Cobb, Keenan, Mohl, Tash, Tester, Wells, and Zook voting no.

**-Recess - 11:25**

**-Reconvene - 12:12**

*(Note: there is a minute of blank tape at this point)*

**Motion:** **SEN. WELLS** moved that **SB 15 DO PASS AS AMENDED**.

**Chuck Swysgood, Office of Budget and Program Planning**, pointed out the retroactive date was taken out which reduced the fiscal note to about \$1.8 million.

**Discussion:**

**SEN. JOHNSON** thought it a great mistake to take this out. He said it was such an important thing to charitable organizations in the state of Montana--not only the university system, but the hospitals, lots of cities and towns and others in the charity business. (The tax credit) had created some endowments that were



large enough to make meaningful contributions. He gave the example of helping start a foundation at the Billings Library. The benefactor had put \$35,000 into the city for the library and they named it after him. It took 3 years to grow the \$35,000 into \$1 million for the library. It was a wonderful endowment for them to have and took care of a lot of things the city/county governments could not afford. He hoped the situation would be kept alive until the next session through 2003. He strongly recommended resisting the motion.

**SEN. MCCARTHY** advised that the Museum of the Rockies, the university system endowments and the Montana endowment were all affected by the bill. She argued that those able to give should be given a tax credit for their generosity.

**SEN. JOHNSON** did not want to pass the bill and thought they should go back to the motion to table.

**SEN. ZOOK** said he understood where **SEN. JOHNSON** and others were coming from on this. He said the money was needed in other areas. It was not a permanent measure and did not do away with any endowment programs. Although unpleasant, they had done more unpleasant things than this. He advised passing the bill out.

**Vote:** Motion that **SB 15 DO PASS AS AMENDED** carried 10-8 with **Christiaens, Jergeson, Johnson, McCarthy, Nelson, Shea, Tester, and Waterman** voting no.

**SEN. ZOOK** commented that for those that wanted to spend money, money had to be raised too. He said he didn't see a lot of votes to put money into the general fund but had seen a lot of motions to spend it. He said that did not apply to **SEN. COBB** who he said had drug out all kinds of dollars in the past and **SEN. JOHNSON** had too. He said he appreciated those that voted yes.

**SEN. WATERMAN** said she was more than willing to vote for a transference of money--raising the tobacco tax. She was more that willing to come up with the funds and more for anything she had offered an amendment on. The problem was they couldn't reach agreement on which funds they should transfer, she held. She said she supported taking the Work Comp funds and wasn't sure that **SEN. ZOOK** did. She wanted it recognized that even though they weren't supporting the same motions he was, that they were supporting motions.

**SEN. SHEA** said she appreciated **SEN. ZOOK'S** comments. She said she took a serious look at the bill and since **SEN. COBB** was sponsoring it she knew it had some merit. She looked at the

programs in her community it would negatively affect and she had to think about it. That was the difference in her vote.

**SEN. ZOOK** said they did not have to justify their votes to him, but to the people that sent them here.

**SEN. MCCARTHY** said that was absolutely correct. It was the foundations that she went to for replacing funding for those programs that were cut such as the children's programs and the battered spouse programs. She said she would stand up in her community and tell them.

*{Tape : 2; Side : A}*

**EXECUTIVE ACTION ON HB 10**

**Motion:** **SEN. WELLS** moved that **HB001012.AVL BE ADOPTED**.

**CHAIRMAN KEENAN** advised the amendment would restore \$250,000 to the coal board allocation which would be amended into HB 2, \$200,000 to the Department of Commerce for the Montana manufacturing center, \$300,000 for export trade enhancement and \$350,000 to the Office of Economic Development for business recruitment and retention. He said the Coal Board were going to lose about 50% of their money and they dealt with the impacts of affected counties from coal mining including with the new coal mine in Roundup.

**SEN. JOHNSON** asked about the certified communities. **CHAIRMAN KEENAN** advised it was not in this amendment.

**SEN. WATERMAN** asked about the amount of the amendment and **CHAIRMAN KEENAN** answered \$1.1 million.

**SEN. NELSON** asked what amount would make the coal board whole.

**CHAIRMAN KEENAN** said that amount was \$285,000.

**Vote:** Motion that **HB001012.AVL BE ADOPTED** carried unanimously.

**SEN. JON TESTER** advised he had a lot of input from constituents regarding the Office of Economic Development paying for body guards for the governor and paying for committee meetings such as the income tax reduction committee, the sales tax committee and the local option tax committee. That was not the proper way to be spending that money, he held. He felt **Mr. Gibson** does great work but questioned if the money was a slush fund for the Governor or if it was really going for economic development.

**SEN. STAPLETON** agreed that was a legitimate question. He thought if she had not set up input groups for tax reform and had just come with her own ideas, he did not feel it would have the legitimacy or the thumb print of Montana. He didn't know if the funds had been abused or not, but was inclined to think they were not. He had been given feedback from the director of Revenue and a couple of others. They came to his community and sought bipartisan input. He thought they would make an effective case for tax reform. He thought the body guards was a ridiculous issue. Every other state protects their Governor, he felt, and it was a legitimate use of funds.

**SEN. WELLS** advised he had moved the amendment but pointed out that he was not a big fan of government spending to generate the economy. He felt free enterprise and turning business loose with lower taxes was the way to go. He did not agree with the *Great Falls Tribune* very often, he said, but agreed with an editorial which said that when faced with either of the other alternatives, more cuts or more taxes, they were both pretty ugly. He felt it needed to continue until results were shown. He said he would rather face this than some of the other alternatives. His constituents had said they don't want taxes, and of course, had said they didn't want cuts in their programs.

**Motion:** **SEN. WATERMAN** moved that **HB001009.AVL BE ADOPTED.**

**SEN. WATERMAN** called this her "**FRANCES BARDENOUVE**" amendment. This would restore 1/2 of the cuts to state libraries. They would still be cut 25% (\$70,000). She said it would mean a lot to small rural libraries.

**Discussion:**

**SEN. NELSON** advised libraries were very important to rural areas. Through interlibrary loans people are able to get material from far away. These funds help pay the postage. The libraries are the connection to the bigger, outside world.

**CHAIRMAN KEENAN** asked about the connection of state libraries to county libraries.

**SEN. WATERMAN** advised the connection was this money. It would allow them, through federations, to join together and the state library would ship books to them. Big libraries have the collections. For small libraries it was a lifeline.

**CHAIRMAN KEENAN** asked if the small libraries would have a municipal levy or a county levy in addition. **SEN. WATERMAN** advised yes and pointed out they would still have a quarter of

the budget cut. She was just restoring 25% of a 50% cut to their budget.

**CHAIRMAN KEENAN** asked if their levy was limited by any law.

**SEN. NELSON** thought it was five mils in her county.

**SEN. CHRISTIAENS** advised he taught students throughout the state of Montana on telecom at the University of Great Falls and they were generally from small communities. They use the interlibrary loan program and without that they would not have been able to access the necessary books to take the course.

**Vote:** Motion that **HB001009.AVL BE ADOPTED** carried 14-4 with **Miller, Mohl, Stapleton, and Wells** voting no.

**SEN. MCCARTHY** discussed body guards for the Governor and believed they were in the wrong place in the budget. She thought they should be part of the executive budget. She did not think they should be cut, but should be in their proper place.

**Motion:** **SEN. BECK** moved that **HB001002.ALH BE ADOPTED**.

**SEN. BECK** said \$425,000 would be taken out for certified communities but he wanted to leave it in the statute.

**Mr. Swysgood** said in their original proposal, the Certified Communities were out for FY03 only. He thought the **"Kaufman Amendment"** wiped out the statute.

**SEN. CHRISTIAENS** said the only way to move money from a statutory appropriation was with a bill. This was an amendment in a bill and he thought that was improper.

**SEN. BECK** said that was the way the bill came from the House. On the House floor, it was amended out. It was in the bill to start with to take the \$425,000 out.

**Valencia Lane, Legislative Fiscal Division**, said all of it came out in the House amendments. On the House floor they put back in A & B but not C, D and E. The bill as originally drafted said "except for fiscal years beginning July 1, 2002." The bill currently had nothing in it for Certified Communities.

**SEN. WATERMAN** asked if the program or just the funding had been eliminated for this biennium.

**Ms. Lane** said the funding was eliminated, but if there were statutes that set up the program, they still exist.

**SEN. BECK** wanted to go back to the original form.

**Ms. Lane** advised simply inserting C with \$425,000 for Certified Communities.

**SEN. BECK** said he advised he wanted to leave the language "except for fiscal year 2002." The amendment would remove the money for this year but not the program.

**Vote:** Motion that **HB001002.ALH BE ADOPTED** carried unanimously.

**Motion:** **SEN. TESTER** moved a **CONCEPTUAL AMENDMENT FOR \$35,000 OF ADMINISTRATIVE COSTS FOR THE CERTIFIED COMMUNITIES PROGRAM.**

**SEN. TESTER** advised there were local communities who had utilized this program who still needed administrative help in maximizing what they had already established.

**SEN. SHEA** added that there were 47 Certified Communities representing 77 communities throughout the state. The money would be used for monitoring. She urged support for the amendment.

**SEN. BECK** doubted \$35,000 was enough money to monitor something, but he said wanted to keep the program going.

**SEN. TESTER** said he understood and appreciated the program being put back in but advised he heard from folks in his community, and that three communities in his district take advantage of the program. They don't have the expertise at the local level to maximize the impacts of the moneys. That was what the amendment was about.

**SEN. WATERMAN** asked for an explanation of what the \$35,000 would do.

**Mark Simonich, Director, Department of Commerce,** said the statute, prior to the amendments, provided \$425,000 on an annual basis for Certified Communities. A portion of that was used by the department for administration. There was a contract with a non-profit for that administration. The \$35,000 would be for the department and/or a contract to administer it.

**SEN. WATERMAN** advised she attended a meeting of Helena business people where she spoke that if government spending was to be reduced that it should be decided what services weren't going to be done. She recalled that **Mr. Simonich,** in his remarks that day, said that was one of the reasons he eliminated the program rather than just reducing it.

Mr. Simonich said that was correct.

**Vote:** Motion TO PUT \$35,000 IN CERTIFIED COMMUNITIES BE ADOPTED failed on a voice vote.

**Motion:** SEN. JERGESON moved that HB001010.ABL BE ADOPTED.

SEN. JERGESON explained the amendment would restore \$193,000 to the Growth through Agriculture Program. He said other cuts had been made to the program. He had been the Senate co-sponsor of the program when it was first adopted and he had always watched and monitored how it had worked. He acknowledged the farms and ranches of the state would never be repopulated but in order to rebuild small rural communities value added enterprises were needed. He held that those enterprises benefitted agriculture in the state.

*{Tape : 2; Side : B}*

SEN. TESTER spoke in favor of the amendment. Many of his constituents had applied for and received grants. Most of the grants were not fully funded, but partially funded. They required a one to one match. The program impacts small businesses, economic development is achieved and the tax base increased, he held.

CHAIRMAN KEENAN asked if the program was synonymous with Vision 2005.

SEN. JERGESON advised Growth through Ag started long before Vision 2005, but was a key component of the 2005 efforts that were launched by former **Governor Racicot**. The coal money in the amendment was the original funding stream for Montana Growth through Ag. It was Vision 2005 that put the money for Growth through Ag in the other part of the bill. That other money had been cut and the cut of \$500,000 remained in the rest of the bill. He said that was a very substantial cut in this small program. He wanted to restore the funding stream that had traditionally been there for the program to mitigate the \$500,000 cut elsewhere.

CHAIRMAN KEENAN asked if the statutory appropriation was for \$1.25 million.

SEN. JERGESON advised the program was part of that and that had been reduced in the rest of the bill by \$500,000.

CHAIRMAN KEENAN asked if it was \$750,000 right now.

**SEN. JERGESON** said yes, but the amendment would restore \$193,000 that was also cut in the other part of the entire package of Growth through Ag. He said he wasn't trying to restore the half a million--there were two streams in the Growth through Ag.

**SEN. STAPLETON** asked if the amendments were going toward the same line item.

**SEN. JERGESON** advised there would be a final cumulative number that would be accomplished.

**Ms. Lane** explained that whatever amendments passed, she would put together on amendment and go to the **Legislative Fiscal Division** staff who would tell her what final percentage was needed to accomplish what was done in the amendments.

**Todd Younkin, Legislative Fiscal Division**, explained that on each amendment, because it had to be written to the lines published in the bill, the 5% would have to be struck each time adding solely that amount pertaining to each amendment. There would be a cumulative increase and a final total.

**SEN. NELSON** spoke in favor of the amendment. She was part of Vision 2005, appointed by **Governor Racicot**. She reported Ag leaders from all over the state worked together and the program had been successful and should be maintained.

**Vote:** Motion HB001010.ABL failed 7-11 with Christiaens, Jergeson, McCarthy, Nelson, Shea, Tash, and Tester voting aye.

**Motion:** **SEN. COBB** moved CONCEPTUALLY TO AMEND HB001012.ABL TO STRIKE \$350,000 FROM THE OFFICE OF ECONOMIC DEVELOPMENT FOR BUSINESS RECRUITMENT AND RETENTION, AMEND TO \$175,000, AND MOVE \$175,000 TO GROWTH THROUGH AGRICULTURE.

**SEN. COBB** advised he understood Economic Development but thought Growth through Agriculture had better immediate potential.

**Vote:** Motion TO AMEND HB001010.ABL carried on a voice vote.

**Motion/Vote:** **SEN. WATERMAN** moved that HB 10 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

#### **EXECUTIVE ACTION ON SB 14**

**Motion:** **SEN. TESTER** moved that SB 14 DO PASS.

**Mr. Swysgood** testified that HB 5 was part of the Governor's plan to address the shortfall, contained a \$485,000 reduction from the 3.5% plus \$1.2 million for FY 2003. It would continue that \$1.2 million reduction through 2004 and 2005. SB 14 would change 2004 and 2005 back to \$485,000 for each of those years instead of \$1.2 million.

**SEN. JERGESON** advised he developed an amendment to HB 5 which, if adopted, would take out the section from HB 5 that is amended in SB 14 and if both bills passed, that reduction of \$485,000 recommended by the Governor's office would be made. The \$1.2 million reduction in the current version of HB 5 would be eliminated and would leave the other changes in HB 5 in place related to highway money. HB 5 would then rise or fall based on those particular items. Rather than amending the section in HB 5 down, he recommended eliminating that the section related to research and commercialization in HB 5, passing SB 14 and sending both bills out, but one amendment.

**CHAIRMAN KEENAN** advised they needed to consider both bills at once.

**SEN. WELLS** asked about the fiscal note to HB 5, which he thought was the budget office's input, the \$1.2 was there for 2004 and 2005. He didn't understand why **SEN. JERGESON** said his amendment would do what they wanted to accomplish. He said it didn't appear that way to him.

**SEN. JERGESON** replied that what the budget office wanted to accomplish was the reduction of \$485,000. That was contained in SB 14. SB 14 should be passed and then the issue would not have to be dealt with in HB 5. The section would be taken out and then the rest of HB 5 could be dealt with.

**CHAIRMAN KEENAN** said the rest of HB 5 would be the \$1.2 million in 2003, 2004 and 2005. He didn't know why 2004 and 2005 were necessarily in HB 5.

**SEN. JERGESON** advised that what would be left in HB 5 would be the transfers to the state general fund of the department of transportation state special revenue non-restricted. The research and commercialization would be taken out of HB 5 because it would be accomplished in SB 14.

**SEN. WELLS** asked **Mr. Swysgood** to comment.

**Mr. Swysgood** said that HB 5 contained a \$485,000 reduction for the 3.5% reduction and \$1.2 million for the current reductions that were being addressed now. SB 14 takes the \$1.2 million out



of the equation. He said SB 14 did not reflect the executives proposal.

**Motion:** SEN. WELLS moved a SUBSTITUTE MOTION TO TABLE SB 14.

**Vote:** Motion that SB 14 BE TABLED carried 10-7 with Christiaens, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting no.

**Motion:** SEN. WELLS moved that HB 5 BE CONCURRED IN.

SEN. KEENAN asked if there was any compelling reason to have the \$1.2 million in 2004 and 2005 in the bill. He said \$485,000 and \$1.2 in 2003 were what the special session was about. He didn't know why they were doing 2004 and 2005.

Mr. Swysgood said the reason was the structural imbalance and trying to rectify some of the severe reductions that would be made as they go into the biennium. He said it was the committee's prerogative as to what they wanted to do in 2004 and 2005.

SEN. WATERMAN spoke against the bill because of the extent of the cut to research and commercialization. The program was helping to create jobs. Research and commercialization was one of the bright spots on the horizon, she held. She stated that eliminating one of the successful programs of economic development when there was so few of them was beyond logic.

**Motion:** SEN. JERGESON moved TO AMEND HB 5 ON LINE 6 PAGE 5 STRIKING \$3.165 MILLION AND INSERTING \$4.25 MILLION AND AGAIN ON LINE 8.

SEN. JERGESON advised that would constitute a \$600,000 reduction in the research and commercialization instead of \$1.2 million.

**Vote:** Motion TO AMEND HB 5 failed 7-11 with Christiaens, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

**Motion/Vote:** SEN. KEENAN moved HB 5 be concurred in. Motion passed 12-6 with Christiaens, McCarthy, Shea, Tester, and Waterman voting no.

ADJOURNMENT

Adjournment: 1:15 P.M.

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SEN. BOB KEENAN, Chair

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PRUDENCE GILDROY, Secretary

BK/PG

**EXHIBIT**(fcs05aad)